

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR</b>	)	<b>CASE NO. IPC-E-05-28</b>
<b>AUTHORITY TO INCREASE ITS BASE</b>	)	
<b>RATES AND CHARGES FOR ELECTRIC</b>	)	<b>NOTICE OF APPLICATION</b>
<b>SERVICE IN THE STATE OF IDAHO</b>	)	
	)	<b>NOTICE OF</b>
	)	<b>INTERVENTION DEADLINE</b>
	)	
	)	<b>ORDER NO. 29919</b>

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On October 28, 2005, Idaho Power Company filed a general rate case Application seeking authority to increase its electric rates an average of 7.8%. If approved, the Company's revenues would increase \$43,947,847 annually. The Company's Application includes the proposed tariffs and requests an effective date of November 28, 2005.

**NOTICE OF APPLICATION**

***A. Revenue***

YOU ARE HEREBY NOTIFIED that Idaho Power's Application states that its overall rate of return and return on equity established in its last general rate case (No. IPC-E-03-13) are no longer reasonable given the Company's increased operating costs. Idaho Power asserts that additional revenue is necessary if it is to maintain a stable financial condition and continue to render reliable and adequate electric service to its customers. Application at 5. Idaho Power seeks a return on rate base of 8.42%, utilizing a return on common equity in the range of 11 to 12%. Exh. 11; Avera Prefile at 4. The Company proposes using a 2005 calendar test year with an adjusted total rate base of \$1,790,150,058. Gale Prefile at 6; Exh. 11 at 2.

YOU ARE FURTHER NOTIFIED that Company witness John Gale notes that the tax settlement from the Company's last general rate case resulted in a one-year base rate increase of 2.2%. See Order No. 29793 at 2-3. The one-year tax adjustment to base rates will expire on May 31, 2006 and will offset the rate increase requested by the Company in this proceeding.

***B. Rate Design***

YOU ARE FURTHER NOTIFIED that in its Application, Idaho Power proposes to increase the rates for each rate schedule (except for dusk-to-dawn lighting (Schedule 15) and

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unmetered service (Schedule 40)) by a uniform percentage increase of 7.84%. The rates for the three special contract customers (J.R. Simplot, Micron and the INEEL) would also increase by 7.84%. The Company acknowledges that a uniform increase is contrary to its cost-based approach to rate design but suggests that cost of service be examined in the next rate case to verify if its 2005 cost-of-service results are replicated. Gale at 15-16. The chart below shows how the proposed increase would impact the average of all rate components for certain customer groups.

<b>CUSTOMER GROUP</b>	<b>CURRENT AVERAGE BASE RATE</b>	<b>PROPOSED AVERAGE BASE RATE</b>
Residential	5.74¢	6.19¢
Small Commercial	7.16¢	7.72¢
Large Commercial	3.91¢	4.22¢
Industrial	2.99¢	3.23¢
Irrigation	4.42¢	4.76¢

\*The PCA rate component is not reflected in the base rates above.

YOU ARE FURTHER NOTIFIED that the Company proposes to maintain its seasonally adjusted rate design (to dampen demand in June, July and August) and maintain the 300 kWh initial usage threshold for residential and small commercial customers.

YOU ARE FURTHER NOTIFIED that the Company is proposing several other rate design changes for other customer classes. For large commercial customers taking secondary service (Schedule 9), the Company proposes a declining-block two-tier energy charge, and blocked demand and basic charges with no charge for the first 20 kW of billing demand and basic load capacity. For industrial customers (Schedule 19), the Company proposes to increase the service charge, basic charge, and the seasonal time-of-use demand charges and energy charges. For irrigation customers (Schedule 24), Idaho Power proposes to eliminate the out-of-season demand charge and reinstate the differentiated in-season and out-of-season energy charges.

YOU ARE FURTHER NOTIFIED that the Company also proposes to adjust its Schedule 89 rates for energy purchases under qualifying facilities (QF) contracts. The Company notes that a portion of the price it pays for energy purchased under several long-term QF contracts is based upon changes in fuel and other costs at Idaho Power's Valmy plant. The Company proposes to increase its Schedule 89 rates from 1.719¢ per kWh to 2.012¢ per kWh.

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YOU ARE FURTHER NOTIFIED that the Company proposes to increase the monthly service charge for residential, small commercial, large commercial and industrial customers. The Company proposes to increase the residential and small commercial service charge from \$3.30 to \$6.00 per month. For large commercial and industrial (secondary service) customers, the proposed increase in the service charge is from \$5.60 to \$12.00 per month. For industrial (primary service) customers the increase would be from \$125 to \$200 per month. App. Atch. 3.

YOU ARE FURTHER NOTIFIED that the Application together with supporting workpapers, testimonies and exhibits, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and its supporting documents are also available on the Commission's website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" icon and then "Electric Cases." Interested persons may also view the Application at the Company's website, [www.idahopower.com](http://www.idahopower.com). The Company's proposed schedule of rates and charges will be kept open for public inspection.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Idaho Power's representatives in this matter:

Barton L. Kline  
Monica B. Moen  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070

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Idaho Power Company  
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Boise, ID 83707-0070

E-mail: [rgale@idahopower.com](mailto:rgale@idahopower.com)

YOU ARE FURTHER NOTIFIED that Idaho Power's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Idaho retail customers, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that

rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish, reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its Order. IDAPA 31.01.01.124.02.

#### **DEADLINE FOR INTERVENTION**

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate at the hearing must file a Petition to Intervene **on or before December 6, 2005**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail addresses to facilitate future communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that on November 14, 2005, the Idaho Irrigation Pumpers Association, Inc. filed a Petition to Intervene in this matter. Given the lack of any objection, the Commission grants intervention to the Irrigators in this Order.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding. Depending on the number of intervenors, the Commission may direct that pleadings and testimony be filed electronically with the other parties.

YOU ARE FURTHER NOTIFIED that after the Notice of Parties is issued the Commission anticipates that the parties will informally convene to devise a recommended schedule to process this case. Once a schedule is developed, the Commission will subsequently issue a Notice of Hearing. The Commission intends to convene public hearings in this matter.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-302, 61-307, 61-502, 61-503, 61-507, 61-622, and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

#### **SUSPENSION OF PROPOSED RATES**

Due to the complexity of this case and other constraints upon the Commission's time, the Commission finds that it cannot adequately review Idaho Power's request for a permanent rate increase before the proposed effective date of November 28, 2005. Pursuant to *Idaho Code* § 61-622, the Commission hereby suspends the proposed base rates for a period of 30 days plus 5 months from November 28, 2005, or until such time the Commission enters its Order accepting, rejecting or modifying the proposed rates in this matter.

#### **ORDER**

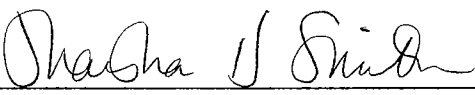
IT IS HEREBY ORDERED that the proposed schedules of rates and charges submitted by Idaho Power are suspended for a period of 30 days plus 5 months from November 28, 2005, or until such time the Commission enters an Order accepting, rejecting or modifying the request in this matter.

IT IS FURTHER ORDERED that the Irrigation Pumpers Association's Petition to Intervene is granted.

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than December 6, 2005.

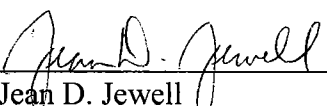
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22<sup>nd</sup> day of November 2005.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

bls/IPC-E-05-28\_dh